

Message Text

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ORIGIN EB-07

INFO OCT-01 EA-07 ISO-00 L-03 CU-02 CIAE-00 DODE-00 PM-04

H-02 INR-07 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

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DRAFTED BY EB/IFD/BP:SRPRUETT:VJW

APPROVED BY EB/IFD/BP:HJWINTER

EA/INS - ADORNHEIM

----- 034189

R 090254Z MAY 76

FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

INFO AMCONSUL MEDAN

AMCONSUL SURABAYA

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E.O. 11652: N/A

TAGS: ETRD, EIND, ID

SUBJECT: RESTRICTION OF MOTION PICTURE IMPORTS TO
INDONESIA

REFS: (A) JAKARTA 5604, (B) 73 STATE 105538,
(C) 73 JAKARTA 6395, (D) A-3836, MAY 4, 1973

1. IF THE EMBASSY PERCEIVES NO OBJECTION, EMBOFF MAY WISH
TO ACCOMPANY ROBERT PERKINS OF MOTION PICTURE EXPORT
ASSOCIATION OF AMERICA (MPEAA) ON HIS NEXT CALL ON
INDONESIAN OFFICIALS. THIS PROBLEM IS NOT A NEW ONE AND
EMBASSY HAS COOPERATED WITH PERKINS IN THE PAST (SEE REFS.
B,C,D). MPEAA HAS CONSISTENTLY FOLLOWED ITS POLICY OF
REFUSING TO DEAL WITH GOVERNMENTAL OR PRIVATE MONOPOLIES
(EXCEPT IN THE CASE OF SOCIALIST COUNTRIES). MPEAA MAIN-
TAINS THAT ITS MEMBER COMPANIES MUST CONTROL DISTRIBUTION
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OF THEIR FILMS FOR MAXIMUM PROFITABILITY BECAUSE MONOPOLIES

USUALLY ATTEMPT TO FORCE DOWN ROYALTIES. SIMILAR PROBLEMS HAVE FACED MPEAA IN SOUTH KOREA, IRAN, SRI LANKA AND ELSEWHERE AND MPEAA FEELS THAT COMPROMISING ITS POLICY OF NOT DEALING WITH MONOPOLIES WOULD ENCOURAGE GOVERNMENTS ELSEWHERE TO ENTER THE MOVIE DISTRIBUTION BUSINESS.

2. FROM REF A'S DESCRIPTION, THE NEW RESTRICTIONS SEEM HIGHLY UNLIKELY TO ENCOURAGE THE INDONESIAN FILM INDUSTRY. IT IS MORE LIKELY THAT IMPLEMENTATION OF THESE DECISIONS WILL CAUSE U.S. FILMS TO DISAPPEAR FROM THE INDONESIAN MARKET TO THE DETRIMENT OF INDONESIAN EXHIBITORS. SOME 400-500 U.S. AND OTHER FOREIGN-OWNED FILMS PRESENTLY HELD IN CUSTOMS ARE SHORTLY DUE FOR RE-EXPORT BECAUSE OF THIS DISPUTE. SINCE PROFITS ARE PROBABLY LOW ALREADY ON INDONESIAN OPERATIONS, MPEAA WILL BE UNDER LITTLE PRESSURE TO COMPROMISE TO AN ARRANGEMENT WHICH MIGHT REDUCE PROFITABILITY FURTHER.

3. THE USG OBVIOUSLY HAS NO AUTHORITY OVER MPEAA'S POLICY. HOWEVER, A PRACTICAL EMBARGO OF U.S. FILMS WOULD CLEARLY BE AGAINST U.S. ECONOMIC AND CULTURAL INTEREST. THE U.S. INTEREST IS IN THE RESOLUTION OF THIS DISPUTE, WHICH PROBABLY WILL NOT OCCUR UNTIL THE GOI DROPS ITS DEMANDS. WHILE EMBOFF ACCOMPANYING PERKINS WOULD BE INDICATIVE OF USG INTEREST IN THIS PROBLEM, EMBOFF SHOULD AVOID TAKING SIDES ON THE ISSUES SINCE PRESSURE FROM THE USG ON THE GOI WOULD PROBABLY BE COUNTERPRODUCTIVE.

PERKINS IS AWARE OF THESE CONSIDERATIONS HAVING COOPERATED WITH EMBASSY OFFICERS IN INDONESIA IN THE PAST.

4. ACTION REQUESTED: PLEASE KEEP THE DEPARTMENT INFORMED OF DEVELOPMENTS ON THIS ISSUE. THE EMBASSY SHOULD ALSO MONITOR, INsofar AS POSSIBLE, THE STATUS OF FILMS HELD IN CUSTOMS, AS MPEAA IS CONCERNED THAT THE FILMS MAY BE SEIZED ON SOME LEGAL PRETEXT. KISSINGER

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